

GLEANINGS II - 765
Thursday June 21st, 2018

Quote of the week - "I believe that the pursuit of truth and right ideas through honest debate and rigorous argument is a noble undertaking. I am grateful to have played a small role in the conversations that have helped this extraordinary nation's destiny."- Charles Krauthammer. *This by today's standards now quaint, old-fashioned observation was part of his very last Washington Post column on June 8th; for he died 13 days later at age 68 from cancer of the small intestine. Born in New York City & raised in Montreal, he graduated from McGill University in Economics & Political Science & in his first year at the Harvard Medical School broke his neck in a diving accident & spent the rest of his life in a wheel chair, which didn't stop him from getting his MD & then specializing in Psychiatry. He served in the Carter Administration, among others as a speech writer for Vice President Walter Mondale, & in Reagan's (where he coined the "Reagan Doctrine" concept that led to Reagan & Gorbachev ending the Cold War), became a columnist & Pulitzer Prize winner, in 2013 wrote a book, Things That Matter, Three Decades of Passion, Pastimes and Politics that for ten weeks was No. 1 on the NYT Best Sellers List, & later served in the Bush 43 Administration. An old-fashioned doctrinaire conservative that according to one earlier newspaper headline had "crystalized conservative thought", he nevertheless believed in global warming & his columns were always worth reading, even for non-conservatives, but refused to vote for Trump whom he accused of being a "moral disgrace" when, after the December 2017 Charlottesville white nationalist rally, Trump opined there "were good people on both sides".*

Canadian mutual funds are poor performers? - According to Paul Bourque, President & CEO of the IFIC (Investment Funds Institute of Canada) "In Canada, household assets in mutual funds are significantly higher than in many other jurisdictions"; thus according to the New York-based data analysis firm Strategic Insight at the end of last year there was about \$4.5TR in financial wealth in Canada, 36% of which was invested in mutual funds. But according to a study by the Globe and Mail, with help of North York ON-based Fundata Canada Inc., many of the Top 100 funds don't deliver for their clients, with Dan Hallett, a long-time fund analyst & now Vice President at Oakville, ON-based High View Financial Group saying "I would say the majority of products are not worth investors' money ... There's a lot of really mediocre product, and mediocre is kind in some cases." And fees at the top 100 have barely moved *down* in the past five years while in some cases funds with billions of dollars invested in them have delivered weak returns, and at the banks that now dominate mutual fund business there has been a growing trend of streaming clients' money into "portfolio" funds that come with hefty fees & often underwhelming returns - *and it is frustrating for some old timers in the bank-operated 'wealth management operations' that youngsters upon entry there are told that "your first duty is to make money for the bank (& not necessarily for your clients), and that the OSC recently failed to get other provincial regulators to agree to the introduction of 'higher duty of care' regulations for financial advisers that would have forced them to put their clients' interests before their own.*

China in September may start levying a 25% tariff on US oil as part of its retaliation against the Trump Administration's tariff action on imports from China - According to Sinopec, China's top oil refinery operator, while it will maintain its usual US import volumes for July loadings, from August loadings onward "Future purchases of US oil will depend on developments" - *China is the world's largest oil importer & in the First Quarter China imported 315,000 bbl of US oil, up 100% YoY. But this amounted to only 3.5% of its total oil imports, which can easily be replaced from other sources (incl. from Iran at bargain basement prices, US & UN sanctions be damned ?)*

Truth is often stranger than fiction/'political correctness on wheels' - In Newfoundland the female in a tripartite “polyamorous” relationship¹ recently produced a baby daughter with all three of them agreeing that they did not wish to know who had fathered her. So they appealed to the Court for all of them to be named as the little girl’s ‘legal parents’. And believe it or not, the judge granted their wish on the rather dodgy grounds that ‘the times are changing & the law must change with it’ - *In most interpersonal relationships threesomes tend to be self-destructive over time since they tend to become perennial two-to-one threesomes. So, if & when, this threesome decides they want to end the arrangement, the resultant child custody fight could become quite nasty, with the child’s well-being lost in the shuffle; so this ruling is not in her best interests.*

US Initial jobless claims - In May they were 218,000, down about 260YoY, 660,000 in 2009 & 310,000 in 2008, before the Great Recession - *while this confirms the current long-time low, make-believe unemployment rate, the uncomfortable fact remains that the more reliable 'participation rate at last report remained at a 40-year 62.7% low (down from the 67+% high two decades ago).*

Venezuela really starting to go ‘down the tubes’? - According to London-based Argus Media, a purveyor of price information, consultancy services, market data & business intelligence to the oil-, energy-, & environmental industry sectors, Venezuela has begun to “pro-actively” shut down ‘upstream’ oil production operations because its 60+MM bbl oil storage facilities have been filled to the brim since PDVSA, the state oil company, shut down operations at its refineries in Aruba & Curaçao, the Dutch islands off the Venezuelan coast, after ConocoPhillips sought to seize them in retaliation for the Venezuelan government’s expropriation of its Venezuelan assets while. As a result, while in May oil production is said to have been 1,392,000 bbl/d, down 42,000 bbl/d MoM, it is expected to decline to as low as 1.1MM bbl/d this month (which may force the Maduro government to declare force majeure, since it will have less than half the oil available for export that it is contractually committed to) - *The economic & political situation there is getting so desperate due to the Maduro government’s mismanagement that there is a shortage of consumer goods & medicines (all of which must be imported), thousands of Venezuelans are said to be fleeing the country every day and, according to the UN Human Rights chief, hundreds have been arbitrarily killed under the guise of fighting crime & Maduro c.s. are increasingly in the position of having ‘one foot in the grave & the other on a banana peel’, all the while blaming the US government.*

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OPEC AIMS FOR MODEST INCREASE IN OIL OUTPUT (Bloomberg, Wael Mahdi et. al.)

- Prior to its 174th meeting this week in Vienna, the Secretariat is discussing a relatively modest, 300,000-600,000 bbl/d hike in output, seeking to bridge the gap between a push by Russia for a 1.5MM bbl/d increase & Iran’s, Iraq’s & Venezuela’s insistence none is needed, thus setting the stage for what Torbjorn Kjus, the Chief Oil Analyst at DNB ASA² says could be “the most interesting OPEC meeting for a while.”

¹ Polyamory is “the practice of, or desire for, intimate relationships with more than one partner, with the knowledge of all parties involved”.

² The Oslo-based, 34% Norwegian government-owned, that is that country’s largest financial services group, with assets of US\$240BN & a market cap of US\$20.5BN.

- While OPEC officials have been working on putting the price-fixing cooperation between the cartel, Russia & some other producers, aka the 24 nation OPEC+ group, on a permanent footing, Russia, the largest OPEC non-member partner in the *Saudi - sponsored* OPEC production cuts agreement, has for weeks been agitating for a large 1.5MM bbl output increase (because it wants to open some new fields), saying that it would be happy with lower crude prices. Within that group, however, Venezuela oil output has collapsed to a post-1950 low due to mismanagement, while Iran's crude exports are subject to renewed sanctions (the two of which combined could shrink the supply situation by as much as 1.5MM bbl³ .Meanwhile President Trump too has been pushing for a 1.5MM bbl production increase, attacking OPEC on Twitter for artificially inflating prices, and has been lobbying hard behind the scenes for a significant production increase.

While a lower WTI oil price would benefit US consumers, it may not effect Permian Basin shale oil output unduly much, if at all, since at the current mid-60's price level it is still very profitable for producers - In the event, after its 'technical committee' had recommended a 1MM bbl output hike, it was decided that henceforth any country with spare capacity will be able to boost production (with Saudi Arabia & Russia potentially the main beneficiaries). Rather counterintuitively this caused oil prices to jump⁴ . . .

FED SAYS U.S. OPTIMISM IS FADING (Bloomberg, Steve Matthews)

- In a June 18th speech in Savannah, GA Atlanta Fed President Rafael Bostic noted that optimism among business has declined on concerns that US trade barriers will disrupt growth & increase risks to the economic outlook, saying "I began the year⁵ with a decided upside tilt to my risk profile, reflecting business optimism following the passage of tax reform ... *but that* optimism has almost completely faded among my contacts, replaced by concerns about trade policy and tariffs. Perceived uncertainty has risen markedly... *and* 'risk-off' behaviour appears ... the dominant sentiment among my contacts ... and while projects underway continue, the bar for new investment is currently quite high."

Business sentiment likely wasn't helped by a recent report from the Peterson Institute for International Economics' that the Trump idea of imposing a 25% tariff on imported automobiles & parts would cost 195,000 US jobs, & possibly as much as 624,000 if the countries involved would retaliate by imposing tariffs of their own on their imports of US cars & parts. This may well help explain the June 19th slippage in the Atlanta Fed's GDPNow reading from to 4.7% from 4.8% on June 14th(after a steep climb from 4% on May 26th), with the next reading thereof due on June 27th. - Bostic has a BA in Economics & Psychology from Harvard & a Ph.D. in Economics from Stanford, and early in his career spent half a dozen years at the Fed & some more in the federal public service, coming to the Fed Board from a professorship in Government, Management & the Policy Process at USC.

³ The effect of the latter may be well overstated; for it is hard to envisage China to pay much heed to US sanctions if the opportunity were to arise to buy Iranian oil at bargain basement prices.

⁴ Incl. WTI US\$3.04 to US\$68.58 & Brent US\$2.52 to US\$75.32, although others declined. Incl. The OPEC-, & Mexican-, Baskets and WCS (Western Canadian Select), marginally to US\$38.04

⁵ He started his present job one year ago, on June 15th, 2017.

TOP FED POLICY MAKER FEARS TRUMP'S TRADE, IMMIGRATIONS POLICIES (Reuters, Jonathan Spicer)

- On June 17th, his last day as New York Fed President, William C. Dudley (*whose successor will be John Williams, who had succeeded Janet Yellen in 2011 as San Francisco Fed President*) told reporters that “I am a little concerned that trade policy could evolve in a way that leads to higher trade barriers and immigration ... in a way that leads to much less immigration in the U.S. and therefore less productive capacity for the economy” and that interest rates “will probably have to climb a little above neutral” because US unemployment, at 3.8 per cent, is so low, and that the Fed may also have to adjust interest rates (*upward?*) by 2020 in response to the government’s “unsustainable” deficit.

This implies that the current rate of growth will be short-lived (as do the latest forecasts by the Fed that show most policy makers expect growth to slow to its long-term normal of < 2%⁶ by 2020 (which would hamper the GOP in that year’s Presidential elections).

KIM JONG-UN : THE BOY DICTATOR WHO BESTED THE US PRESIDENT (The Guardian, Benjamin Haas)

- He was not to have succeeded his father : his *middle* brother Kim Jong-nam (*murdered on February 13th, 2017 at the Kuala Lumpur International Airport*) had been next in line until he fell out of favour in 2001 after being caught trying to enter Japan on a fake passport bound for Tokyo Disneyland; shortly thereafter, Un (*at age 20*) started being groomed for leadership at the top officer training school in Pyongyang. Since he came to power he has sought to pattern himself on his grandfather⁷, not his father; thus while the latter was a recluse who shunned public attention & would pen New Year’s editorials, Kim Jong-un delivers speeches featured on TV & is often portrayed smiling as he embraces ordinary citizens. And, according to Jenny Town, the MD of a monitoring group called 38 North⁸, “He’s ... more willing to take risks than previous leaders (*his father & grandfather*) ... *and* has shown a new side of admitting fault. That’s a whole different attitude ... we haven’t seen before ... Ultimately, these high-level summits ... show that ... world leaders are *now* treating North Korea as an equal, and that plays well domestically.”

⁶ The so-called “trend” growth rate is now deemed to be in the 1.6%, less than one-third of what it was in the first decade after WW II, and looking ahead, is likely to decline further, in part due to by President Trump’ ill-advised ‘short-term gain for long-term pain’ policies.

⁷ To the point he is rumoured to have had cosmetic surgery, & has his hair styled, to look more like his grandfather, Kim Il Sung (1912 - 1994), a scion of a Presbyterian Korean family with a long anti-Japanese track record during Korea’s years as a Japanese colony. On August 8, 1945, two days after the Hiroshima bombing, Stalin declared war on Japan & 16 days later, as the US & Russia had earlier agreed to do along the 38th parallel, Russian troops ‘liberated’ the Northern half of the peninsula, after which Stalin appointed Kim leader of the country (that for the ensuing couple of decades, with Russian help, actually had a higher standard of living than the South).

⁸ A website operated by the Paul H. Nitze School of Advanced International Studies’ US-Korea Institution at Baltimore-based Johns Hopkins University founded-, & still headed by a one-time 15-year State Department staffer, Joel S. Wit.

- The early days of his rule, as he sought to consolidate power at age 27 in a society that revered age, were brutal. His uncle, Jang Song-thaek, who handled relations with China, was very publicly hauled out of a Workers Party meeting & executed, public executions of military officers were rife (& he has been accused of ordering his half brother's murder). And he has done nothing to dismantle the country's massive political prison system that the UN says houses 120,000 people⁹ & is *said to be guilty of 'crimes against humanity'*. And he broke with his father in one crucial aspect : while the latter, Kim Jong-il, had a *songun* (military-first) policy bias, prioritizing the allocation of the country's scarce resources to its costly nuclear weapons' programme, Un has placed economic development on a par with weapons' development & *nevertheless seems have made great progress with it on the base built by his father; as a result of this* a construction boom in Pyongyang ensued; so when Kim declared earlier this year that North Korea had completed its nuclear force *development*, analysts saw it as a sign that henceforth the economy would be his priority¹⁰.
- His meeting with Trump was the apex of his risk-taking; for he left his country at a pre-determined time, seemingly confident of domestic stability in his absence, with the reward of *raising his global profile by* summiting with Trump just too great an opportunity to pass up. And according to Scott Snyder, a senior fellow at the *New York-based, Richard Haass-headed Council on Foreign Relations*, "The goal for Kim Jong-un now is to get economic support, in terms of financial flows, blunting sanctions and attracting investment in *its special economic zones*", adding there likely will be more summits with more world leaders, including Vladimir Putin & Japan's Prime Minister Shinzo Abe "to further Kim's standing as an international statesman" & that, even if he agrees to dismantle rocket testing facilities, as Trump expects him to, this would, according to Snyder, probably only scratch the surface. And there are *already* signs that Washington's "maximum pressure" policy is cracking under Kim's diplomatic push; *thus* China, which accounts for 90+% of *the North's global trade*, is said to be relaxing its enforcement of *UN & US sanctions* & South Korean companies are *falling all over themselves*, eager to begin/(re-start?) investing in *North Korea's 'Specific Economic Zones to which their access has been limited in recent years*. All this has further validated Kim's 'Big Gamble' strategy; for so far his every gamble has paid off; thus he gained legitimacy in his meeting with Trump, while the latter *only* got a vague commitment that confirmed positions North Korea & *China* have been pushing for years, not unlike those North Korea has agreed to before & later walked away from.

The harsh reality is that, while Kim already has a nuclear missile delivery capability that, while it may, or may not yet, pose a direct threat to North America, certainly threatens South Korea, Japan & other East & South Asian nations (that hence will make them likely to exert pressure on the US to meet whatever demands Kim may come up with (with the US global stature, & influence in Asia, eroding further every time he gives in to demands by his now "new friend", the 'Kid Dictator' who so far has proven himself to be a far more astute strategist than anyone had given him credit for. And it may be interesting, if not possibly outright frightening, to see Trump's reaction when he starts to realize, as he may do before too long that, in front of the entire world,

⁹ I.e. roughly 0.5% of North Korea's population, less that the 0.8% of the US population that, at last report, spend their days in the US\$75BN federal prison-, cum state jail-, system

¹⁰ According to Statistica, a 25 year-old, Dell-built international data base, after (mostly badly) trailing South Korea's GDP growth rate for over two decades , in 2015 North Korea's 2015 3.9% was more than double its 2014 rate while the South's was flat at 2.6%.

Kim [whom he at various times denigrated in his tweets as the “little Rocket Man” (according to Sarah Huckabee-Sanders “a President Trump original”), a “maniac”, a “whack job” & a “sick puppy”], with China’s choreographic help, had made him, the self-styled ‘Great Negotiator’, look like a patsy (“a person who is easily manipulated”), seeing his Nobel Peace Prize dreams go up in smoke.

TRUMP PRAISES KIM ON FOX & FRIENDS : ‘I WANT MY PEOPLE TO DO THE SAME’ **(The Guardian, Martin Pengelly)**

- An “antsy and bored” Donald Trump is reported to have wanted to advance his summit with Kim by a day, asking his aides, after getting to Singapore on Sunday, “We’re here now. Why can’t we just do it.?” But according to the Washington Post “Ultimately ... Secretary of State Mike Pompeo and White House Press Secretary Sarah Sanders persuaded Trump to stick with the original plan, arguing that the president and his team could use the time to prepare ... *and* warning him that he might sacrifice wall-to-wall television coverage of his summit if he abruptly moved the long-planned date to Monday in Singapore, which would be Sunday night in the United States.”
- In a Friday June 15th interview on the White House lawn with Fox & Friends, Trump provoked critics by saying that the North Korean dictator was “the strong head” of his country & that when “He speaks ... his people sit up at attention ... I want my people to do the same.” And he also claimed that his predecessor in the White House, Barack Obama, had been “essentially ready to go to war with North Korea” & had claimed to have “solved” the problem of the nuclear threat from Pyongyang. But his remarks that morning had to compete for TV attention with his fierce criticism of a Department of Justice report, the FBI & its former director James Comey, the jailing of his former campaign manager, Paul Manafort, and his announcement of tariffs against China & the *subsequent* retaliatory counter measures by Beijing.
- The Trump-Kim summit has been widely criticised in the US for its failure to get a written *Kim* commitment to denuclearization (which his administration has repeatedly demanded & which Trump told Fox News on Friday is “in the agreement” after a summit from which “we get everything” & it says “he will ‘denuclearise’ ...”. This is the beginning of the process towards denuclearisation of North Korea (*although Secretary of State Pompeo earlier in the week had angrily told reporters the signed agreement didn’t contain all agreed in Singapore*) while the written agreement says only that North Korea “commits to work towards complete denuclearisation of the Korean peninsula”. And in a June 15th statement *on Fox News* Trump insisted “This is the beginning of the process towards denuclearisation of North Korea ... I sometimes say, ‘the de-nuking of North Korea’ ...beautiful words”.

Trump always believes what he wants to believe & few of his advisers have the guts not to “sit up at attention ... when he speaks”.

DONALD TRUMP FLIPS ON NORTH KOREA, DECLARING THE COUNTRY STILL AN ‘ EXTRAORDINARY THREAT’ (AP)

- In a Friday June 22nd Executive Order he extended for one year the so-called “national emergency” with respect to the nuclear-armed nation, re-authorizing ‘economic restrictions’ against it. While not unexpected, this comes just nine days after, following his Singapore Summit with Kim Jong-un, he had tweeted “There is no longer a nuclear threat from North Korea.”

Wow! Two public-, but well deserved-, 'climb downs' in a single week! One can only wonder if Trump has learnt from them, and hope! But there's an old saying "A leopard never loses his spots" and it would be truly surprising if Trump, at age 70, could lose his, even in the face of the highly inappropriate June 20th tweet from 78 year-old Peter Fonda who, upset by the sight & sound of wailing illegal immigrants' children separated from their parents, wrote that Trump's youngest son, 12 year-old Barron, "should be ripped from his mother's arms and put in a cage with pedophiles" (for which he later apologized).

MOST CANADIAN SAY THEY WILL AVOID U.S. GOODS (CP, Andrea Hopkins)

- An Ipsos poll published Friday June 15th showed that 70% of Canadians say they will start looking for ways to avoid buying US-made goods. It also found that a majority of Canadian **and** Americans are united in their support of Trudeau, & opposition to Trump, in their countries' stand-off over NAFTA, with 85% of Canadians & 72% of Americans saying they support being in NAFTA & 44% of respondents in both countries that the renegotiation of the deal would be a good thing for their country.

I have long been of the opinion that the FTA, the Prime Minister Mulroney-inspired-, & Finance Minister Mike Wilson-negotiated-, NAFTA predecessor, was one of the dumbest things ever done by a Canadian government; for it 'picked the low-hanging fruit'" by further tying our economy to what already was our largest trading partner, an easily accessible, less than 300MM people economy with a trend growth rate of 3%, at the expense of seeking to spread our wings & boost our presence in a far less easily accessible, more alien & costly to develop several billion people global market off continent with a trend growth rate twice that of the US, in which Canada had the distinct advantage of being able to provide access to North American technology without the 'Ugly American' on its coattails.

HOME SALES' FORECAST CUT, MAY DEALS DOWN 16.2% (FP, Armina Ligaya)

- The CREA (Canadian Real Estate Association) represents Canada's 100, 000+ real estate agents. Given the market's lacklustre performance in the crucial spring home buying season, it is now forecasting an even greater decline in house sales this year than before; for it said on June 15th that it is now forecasting that home sales this year will be just 459,000 units, down 11% YoY (worse than the 7% decline it had reported two months earlier). Due to weaker sales in Ontario & Vancouver, heightened buyer market uncertainty, provincial measures to 'cool' the market, high prices & supply shortages, and the new mortgage 'stress tests' introduced effective January 1st. And it reported that May home sales had been down 16.2% YoY to a seven year low, while the average house price had been down 6.4% YoY to \$496, 000 (and ex-Vancouver & Toronto 2% to \$391,000).

The 'good news' amid all this 'gloom & doom' was that in March & April home sales had been down only 22.7% & 13.9% YoY respectively, that according to TD economist Rishi Sondhi "On balance, this was a 'better than expected' report" & that the CREA expects home sales activity to "strengthen modestly" in the year's Second Half. But any current single family home supply shortage could disappear quickly if Baby Boomers contemplating 'downsizing' were spooked into accelerating their downsizing timing before the market value of their houses would start declining further faster.

US LAWMAKERS WARN CANADA ABOUT CHINESE TELECOM HUAWEI

(G&M, Robert Fife)

- Sens. Tom Cotton (R.-AK) & Mark Warner (D-VA), both members of the Senate Intelligence Committee, have warned the Trudeau government that the Chinese smartphone maker Huawei (that has turned Canada into a key research centre for next-generation mobile technology) is a national security threat to a network of Canada's allies & poses a grave cybersecurity risk, and that its smart phones & equipment should not be sold to-, or used by-, Canada or other Western allies. And Reps. Mike Conaway (R-TX) & Adam Schiff (D-CA), both leading members of the House Intelligence Committee, have gone on record as saying that national security concerns should ring alarm bells in any country where Huawei products are sold & could compromise Five Eyes security (*see below*). And a spokesman for Sen. Cotton, who has tabled legislation to ban the US government from dealing with Huawei, said he had instructed Lt.-Gen. Paul Nakasone, the Director of the National Security Agency & *the general commanding the US Army's Cyber Command*, to "engage with Canadians" & other members of the "Five Eyes" intelligence-sharing community (*Australia, Britain, Canada, New Zealand & the US*), to "educate them on the threat" & keep Huawei out of their 5G (*5th Generation Wireless*) networks¹¹.
- Huawei is largely shut out of the US market & Australia is considering as well to block it from supplying equipment to the construction of its 5G telecom infrastructure, thereby helping to frustrate the Shenzhen-based company's ambition to become the world leader in this technology, and the chiefs of six US intelligence agencies & the former heads of Canada's three spy services¹² recently declared Huawei to be one of the world's top cyberintelligence threats and that its 5G technology could be used to conduct remote spying & maliciously modify, steal information from-, or even shut down-, systems. But Canadian universities¹³, governments & phone companies are helping Huawei (now the world's largest telecom equipment manufacturer) to develop the ultrafast wireless technology, which it is using for hundreds of patent filings *of ideas generated-, but surrendered- by Canadian researchers*, who thereby are a pipeline for a 'intellectual property transfer' that will bolster the company's-, & China's-, global 5G market position.

Canadian universities have sold their technological birthright for a \$50MM 'mess of potage' of Huawei funding, and the Trudeau government is too pre-occupied with 'more important' gender equity-, & human rights-, issues to pay much attention to these warnings about Huawei that, like all other major Chinese companies, 'dances to Beijing's, & hence the CPC's, tune'.

AIR STRIKES A RESPONSE TO BURNING KITES (AP)

¹¹ Gen. Nakasone recently told the Senate Intelligence Committee that he would not *allow the* use of Huawei products because the company answers to the ruling Communist Party and Article 7 of China's 2017 National Intelligence Law says that Chinese companies "must support, cooperate with and collaborate in national intelligence work, and guard the secrecy of national intelligence work they are aware of."

¹² Who have told the Globe that Huawei products and 5G technology could provide China with the capacity to spy on Canadians.

¹³ Driven by the \$50MM that Huawei has given to 10 leading Canadian universities to fund 5G technology since it came to Canada a decade ago that is expected to grow to \$18MM this year alone & that it has used as the basis for hundreds of patent filings. (*That will not benefit the universities?*).

- In recent weeks people in Gaza have been launching balloons¹⁴ & flying kites with burning rags attached to protest the ongoing Israeli & Egyptian blockade of the territory, having black burned havoc on 6,000 acres of fields & nature reserves in Southern Israel; thus on a hot, dry Saturday June 16th alone they set fields ablaze in over a dozen locations. So on Sunday 17th the Israeli military, saying this endangered Israeli civilians, carried out four air strikes, two of them targeting property & infrastructures in the Gaza Strip *supposedly* belonging to Palestinians involved in the launching of “arson balloons”.

And when Hamas responded to the Israeli air strikes by launching a few rockets in Israel's direction, all this achieved was to give Israel an excuse for more air strikes. While no one was reported to have been injured in these strikes, this did mark an escalation in Israel's response to events in the Gaza Strip. But this is unlikely to put an end to them; for the Gaza Strip is a seething human pressure cooker without a safety valve; and it cannot help but get worse over time since with an annual population growth rate of nearly 2.5% it won't be long before over half of Gaza's population will be in the < 14 year age range that is highly susceptible to demagoguery and has no hope of any meaningful future & sense that 'death cannot be worse than life like this'.

POWER BLACKOUTS ENDANGER RAMAPHOSA REFORMS (G&M, Geoffrey York)

- While he has been praised for his early steps to get rid of corrupt officials & begin reforming state agencies, he is being hobbled by bitter feuding within the ruling ANC party, a sluggish economy, a weakening Rand & the crippling debts of state-owned companies. Thus recently South Africa was plunged into rolling power blackouts after electricity workers received anonymous notes telling them “If you dare to work during this shutdown, you are subjecting yourself to risk ... take this as a warning.” So within hours hundreds of neighbourhoods across the country were without light & heat on a cold winter night that continued into a second night & threatened to continue longer as labour tensions continued.
- Such economic & political setbacks suggest that Mr. Ramaphosa's clean-up campaign will take longer than his supporters had hoped & may further damage South Africa's already stagnant economy. And *state-owned Eskom, the power utility that produces 95% of the power generated in the country*, is crucial to Mr. Ramaphosa's reform strategy; for after years of corruption & cozy insider deals with those with political connections it has a staggering US\$27BN debt but a new management trying to slash costs, among others by seeking a wage freeze while its union is demanding 15% wage increases. And while it had assured the country there was no risk of blackouts because it workers are deemed essential workers who cannot legally strike, on Thursday June 14th electricity distributors in Johannesburg & Capetown were given just a few minutes notice of Eskom ordering them to introduce power-cutting measures including rolling blackouts, after some workers launched illegal strike action, and many road blockades sprung up near Eskom's power *generating* stations, non-striking workers proliferated, power equipment started being sabotaged, and employees trying to report for work being violently removed from their vehicle, as a result of which one of Mr. Ramaphosa's senior cabinet ministers announced that the wage freezes were “off the table” & wage negotiations would resume.
- Mr. Ramaphosa is also facing political & legal troubles. Mr. Zuma has remained defiant & refusing to fade into retirement, mobilizing large rallies to denounce the Ramaphosa

¹⁴ Many of them consisting of clusters of inflated condoms

reforms & fueling divisions in the ruling ANC party in his traditional stronghold, the KwaZulu-Natal province that recently led to total chaos at a recent ANC conference to the point it forced its cancellation. And prosecutors have now lost two attempts in the country's court system to seize (*illegally gained?*) assets from the Gupta family that is at the heart of the biggest corruption scandal of the Zuma era.

When the apartheid era ended, hopes were high. But in the 24 years since South Africa has had three presidents that were ineffective, or worse, leaders : whatever his other qualities, Mandela was administratively 'not up to snuff'; his immediate successor, Thabo Mbeki (who outmaneuvered Ramaphosa in the race to be Mandela's successor) was out & out stupid & Zuma was, & remains, just plain evil in his greed. One can only hope that Ramaphosa, who is no angel in his own right, can succeed in his ambition to become, & enter the history books as, the 'Father of the Nation 2.0'.

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A new policing tool - At 8:00 p.m. on January 29th, 2017, after the end of evening prayers, a lone gunman entered the Islamic Cultural Centre in the Sainte-Foy neighbourhood of Quebec City, started firing and killed six & injured at least five more. After arresting a suspect, 28 year-old Alexandre Bissonnette, the police seized his computer &, to build their case, using 'specialized Internet evidence finding' software that can access the contents of zip files, RAM memory, directories, social media chat data, P2P files sharing, web mail, videos on YouTube, photos, & USB keys, to gain evidence, even after it had been deleted, that a crime had been premeditated and/or committed in the name of an ideology (which in Bissonnette's case involved searching 31,985 web links, 4,742 Google searches, 3,388 Facebook links & 60,417 images¹⁵). Called IEF, it was created by a Canadian company called Magnet Forensics that was founded by a former Ontario police officer, Jad Sabia, the client list of which now includes the FBI, the Danish & UK governments, and police in Western countries as well as Lima Peru. And, according to Genevieve Lajeunesse of Quebec City-based Crypto, a company focusing on digital security, information & intelligence, the demand for such software is exploding since "There isn't a single crime scene today that doesn't have a technological element."

¹⁵ Which found, among others, that an hour & a half before the shooting Bissonnette had viewed a video on how to use the Glock handgun he used in the slaying.